

IMPORTANT NOTICE FOR PUGET SOUND ENERGY CUSTOMERS ABOUT PROPOSED CHANGES IN NATURAL GAS RATES

Puget Sound Energy recently filed requests with the state Utilities and Transportation Commission (UTC) to adjust natural gas rates. The following proposals would increase rates for natural gas customers an overall average 14.2 percent, effective Nov. 1, 2019.

Purchased Gas Adjustment (PGA): PSE has requested to increase natural gas bills under the purchased gas adjustment rate-setting mechanism, which allows utilities to adjust rates, up or down, to reflect fluctuations in the price of natural gas in the wholesale market. The PGA has two components—one is a projection of the average cost of natural gas supplies over the next year, the other is a true-up of the difference between prior years' projected costs and the actual costs of the supplies. For the true-up component, the actual wholesale price of natural gas supplies that PSE purchased for customers increased in the past year. Projected natural gas costs, which include a combination of short- and longer-term wholesale purchases, are higher than the prices projected a year ago.

The net effect of the two components of the PGA would increase the average cost of natural gas by an overall average of 13.4 percent. The cost of natural gas is shown on your monthly PSE bill as "Gas Cost." PSE is not allowed to profit on the natural gas it purchases for customers.

Cost Recovery Mechanism for Pipeline Replacement (CRM): PSE has requested to increase natural gas rates by an overall average 0.8 percent, to recover costs from Nov. 1, 2018 through Oct. 31, 2019 for the replacement of aging natural gas pipes to ensure continued, safe and dependable service, as allowed by the CRM.

Combined, the proposed changes for residential, commercial and industrial customers with natural gas services are:

Effects on residential customers

The monthly bill effects of the rate changes for the typical natural gas customer using 64 therms per month are shown in this chart. Individual customers will see a greater or lesser increase than what is shown, depending on the amount of usage. All natural gas customers are billed monthly.

| Natural Gas Service | Current Bill | Proposed Bill Effective November 1, 2019 |
|-----------------------------------|--------------|--|
| Basic Charge | \$11.52 | \$11.52 |
| Therm Charge | \$48.08 | \$56.49 |
| Total Bill at 64 therms per month | \$59.60 | \$68.01 |

Summary of requested rate increases

| Natural Gas Schedule | Type of Service | Current Average Rate per Therm | Proposed Average Rate per Therm | Percent Increase |
|----------------------|--|--------------------------------|---------------------------------|------------------|
| 23, 53 | Residential | 0.99354 | 1.12482 | 13.21 |
| 16 | Gas Lighting | 0.89814 | 1.02942 | 14.62 |
| 31 | Commercial & Industrial | 0.79507 | 0.92388 | 16.20 |
| 41 | Large Volume | 0.57232 | 0.69277 | 21.05 |
| 85 | Interruptible | 0.40168 | 0.52112 | 29.73 |
| 86 | Limited Interruptible | 0.54693 | 0.66705 | 21.96 |
| 87 | Non Exclusive Interruptible | 0.33838 | 0.45561 | 34.64 |
| 31T | Commercial & Industrial Transportation | 0.71070 | 0.71701 | 0.89 |
| 41T | Large Volume Transportation | 0.23851 | 0.24259 | 1.71 |
| 85T | Interruptible Transportation | 0.10170 | 0.10397 | 2.23 |
| 86T | Limited Interruptible Transportation | 0.26680 | 0.27080 | 1.50 |
| 87T | Non-exclusive Interruptible Transportation | 0.04091 | 0.04225 | 3.28 |
| | Special Contracts | 0.04419 | 0.04580 | 3.64 |

Note: The figures above represent averages by rate schedule including the basic charge. Natural gas transportation customers have rates that are significantly less than the average rates for other schedules because, in part, these customers receive only delivery or transportation services.

Public Comment

The UTC accepts comments on PSE's requested rate changes online at utc.wa.gov/comment; email comments@utc.wa.gov; phone **1-888-333-9882**; or in writing to PO Box 47250, Olympia, WA, 98504-7250. Please include your name, mailing address, the name of the company (PSE), and docket number(s). If you have questions about the UTC's process, please contact the UTC using one of the above methods. The UTC provides reasonable accommodation to participants with disabilities; for accommodations, please email human_resources@utc.wa.gov or call **1-360-664-1132**.

The public is represented by the Public Counsel Section of the Washington Attorney General's office and can be reached by writing to Public Counsel, Assistant Attorney General, 800 5th Avenue, Suite 2000, Seattle, WA 98104-3188, or by emailing utility@atg.wa.gov.

To contact PSE about these proposals: email customer@pse.com; call **1-888-225-5773** (TTY: **1-800-962-9498**); or write to Puget Sound Energy, ATTN: Customer Care, P.O. Box 97034, Bellevue, WA 98009-9734.

